

# FISCAL NOTE

**Bill #:** HB276

**Title:** Economic Development Trust Fund

**Primary Sponsor:** Monica Lindeen

**Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

### **FY 2004 Difference**

### **FY 2005 Difference**

#### Revenue:

Trust Funds

Coal Severance Tax Permanent Fund

\$(3,824,750)

\$(3,584,625)

Economic Development Fund

\$3,824,750

\$3,584,625

#### **Net Impact on General Fund Balance:**

\$0

\$0

- |   |   |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact    | <input checked="" type="checkbox"/> Technical Concerns            |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached  | <input type="checkbox"/> Needs to be included in HB 2             |

## Fiscal Analysis

### ASSUMPTIONS:

1. The coal tax trust fund is composed of several subfunds. This bill would create another subfund, the Economic Development Fund. In FY04 and FY05, interest earnings from this new fund would be deposited in the general fund. Beginning in FY06, interest earnings from this new fund would be deposited in a new economic development special revenue account to be distributed to certified regional development corporations.
2. Currently 12.5% of coal severance tax collections are deposited in the coal severance tax permanent fund. Beginning in FY04, this bill would deposit those funds in the new Economic Development Fund.
3. Coal severance tax collections are projected to be \$30.598 million in FY04 and \$28.677 million in FY05. This bill would deposit \$3,824,750 in fiscal 2004 (12.5% x \$30.598 million) and \$3,584,625 in fiscal 2005 (12.5% x \$28.677 million) into the new Economic Development Fund instead of into the permanent fund.
4. Interest earnings to the general fund would be the same as under current law in FY04 and FY05.

### LONG-RANGE IMPACTS:

Beginning in fiscal 2006, interest earnings on the new Economic Development Fund would be deposited in the economic development special revenue account rather than the general fund. In fiscal 2006, interest deposited in the economic development account rather than the general fund would be about \$600,000 and would grow by about \$250,000 each fiscal year.

**Fiscal Note Request HB276, As Introduced**  
(continued)

TECHNICAL NOTES

1. It is not clear how the amount of funding to be distributed to certified regional development corporations is to be determined. Section 1 provides that earnings on the economic development fund that are to be transferred to the economic development special revenue account as required to meet obligations payable from the account in accordance with Section 5. Section 5 does not provide for any obligations to be created. It merely requires the Department of Commerce to distribute all funds deposited in the economic development special revenue account to certified regional development corporations.